

# HOUSE BILL No. 1554

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## DIGEST OF INTRODUCED BILL

**Citations Affected:** IC 5-10-8-6.6; IC 27-8-15-1.

**Synopsis:** Local unit group insurance. Allows a small employer to participate in a health benefit plan currently available to local units of government.

**Effective:** July 1, 2003.

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**Liggett**

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January 16, 2003, read first time and referred to Committee on Local Government.

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First Regular Session 113th General Assembly (2003)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2002 Regular or Special Session of the General Assembly.

## HOUSE BILL No. 1554

A BILL FOR AN ACT to amend the Indiana Code concerning state and local administration.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 5-10-8-6.6, AS ADDED BY P.L.286-2001,  
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JULY 1, 2003]: Sec. 6.6. (a) As used in this section, "local unit group"  
4 means all of the local units **and small employers** that elect to provide  
5 coverage for health care services for active and retired:  
6 (1) elected or appointed officers and officials;  
7 (2) full-time employees; and  
8 (3) part-time employees;  
9 of the local unit **or small employer** under this section.  
10 (b) **As used in this section "small employer" has the meaning set**  
11 **forth in IC 27-8-15-14.**  
12 (c) As used in this section, "state employee health plan" means:  
13 (1) an accident and sickness insurance policy (as defined in  
14 IC 27-8-5.6-1) purchased through the state personnel department  
15 under section 7(a) of this chapter; or  
16 (2) a contract with a prepaid health care delivery plan entered into  
17 by the state personnel department under section 7(c) of this



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chapter.

~~(c)~~ **(d)** The state personnel department shall allow a local unit **or a small employer** to participate in the local unit group by electing to provide coverage of health care services for active and retired:

- (1) elected or appointed officers and officials;
- (2) full-time employees; and
- (3) part-time employees;

of the local unit **or small employer** under a state employee health plan.

~~(d)~~ **(e)** If a local unit **or small employer** elects to provide coverage under subsection ~~(c)~~: **(d)**:

(1) the local unit group must be treated as a single group that is separate from the group of state employees that is covered under a state employee health plan;

(2) the state personnel department shall:

(A) establish:

- (i) the premium costs, as determined by an accident and sickness insurer or a prepaid health care delivery plan under which coverage is provided under this section;
- (ii) the administrative costs; and
- (iii) any other costs;

of the coverage provided under this section, including the cost of obtaining insurance or reinsurance, for the local unit group as a whole; and

(B) establish a uniform premium schedule for each accident and sickness insurance policy or prepaid health care delivery plan under which coverage is provided under this section for the local unit group; and

(3) the:

**(A)** local unit shall provide for payment of the cost of the coverage as provided in sections 2.2 and 2.6 of this chapter; **and**

**(B) small employer shall provide for payment of the cost of the coverage according to terms established for covered individuals by the small employer.**

**(f)** The premium ~~determined under subdivision (2)~~ **and** paid by an individual local unit **or a small employer** shall not be determined based on claims made by the local unit **or small employer**.

~~(e)~~ **(g)** The state personnel department shall provide an annual opportunity for local units **and small employers** to elect to provide or terminate coverage under subsection ~~(c)~~: **(d)**.

~~(f)~~ **(h)** The state personnel department may adopt rules under IC 4-22-2 to establish minimum participation and contribution



requirements for participation in a state employee health plan under this section.

SECTION 2. IC 27-8-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2003]: Sec. 1. **(a)** This chapter applies to any individual or group health insurance plan that is issued for delivery in Indiana to at least three (3) employees of a small employer located in Indiana if one (1) of the following conditions is met:

(1) Any part of the premium or benefits is paid by a small employer or any covered individual is reimbursed, whether through wage adjustments or otherwise, by a small employer for any part of the premium not including the administrative expenses of administering a payroll deduction plan where the employee contributes one hundred percent (100%) of the premium without reimbursement.

(2) The health benefit plan is treated by the employer or any of the covered individuals as part of a plan or program for purposes of Section 106 or 162 of the United States Internal Revenue Code.

**(b) This chapter does not apply to a health insurance plan provided to employees of a small employer that elects to participate in the local unit group under IC 5-10-8-6.6.**

SECTION 3. [EFFECTIVE JULY 1, 2003] **IC 5-10-8-6.6, as amended by this act, applies to a state employee health plan that is issued, delivered, amended, or renewed after the first annual opportunity for local units and small employers to elect coverage under IC 5-10-8-6.6, as amended by this act, occurring after June 30, 2003.**

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